



# NEWS INTERNATIONAL

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**Dear Sir or Madam,**

The Italian Revenue Agency has recently provided important clarifications on the mandatory valuation of assets and liabilities of foreign companies relocating to Italy from White list / cooperative countries, under one of the forms provided by the EU Directive 2016/1164/EU (introduced in Italy by Art. 166-bis of Italian Income Tax Act “TUIR”).

In particular, resolution n. 92 of 5/11/2019 and ruling response n. 460 of 31/10/2019 have made it clear that the market value must be assumed, regardless of the exit value for such elements in the country of origin (even for the purposes of exit-tax, if due). Thus, holdings listed on regulated markets are valued according to the arithmetic average of prices recorded in the month prior to the relocation. For holdings in unlisted companies, the economic value of the net equity is assumed, according to the valuation criteria commonly used in M&A transactions.

The Revenue Agency states also that from 1/1/2019 the value of the goodwill relating to the transferred assets must also be considered for tax purposes: in the version of Art. 166-bis in force until 31/12/2018, this possibility was expressly excluded. The value of goodwill for tax purposes is determined by taking into account the functions and risks of the business assets being transferred.

The reference to market value is also mandatory for financial assets held by holding companies that move to Italy.

In this case, the reference to market value can be an advantage because - in the event of a divestment - the taxable capital gain (if the sale falls out of the participation exemption scheme) will be determined with respect to the market value, not with respect to the historical purchase cost, which is usually lower.

The market value of assets and liabilities must be related to the day on which the foreign company acquires residence in Italy: that is, on 1st January, if the transfer takes place within 183 days of the start of the tax period; otherwise, from the day of registration of the transfer to the Italian Register of Companies.

If, on the other hand, the company’s relocation to Italy takes place through a merger with a resident company, it is possible to anticipate the tax effectiveness of the transaction to 1st January, regardless of when the merger is filed in the Register of Companies.

The response n. 460/2019 informs that a ministerial decree due to rule reporting procedure of tax values for assets / liabilities relocated to Italy has not yet been issued: therefore, for the time being no penalties are applicable in the event of reporting omission.

**Best regards**

Dr. David Sturaro



## The author

## Dr. David Sturaro

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Dr. David Sturaro graduated with honors in tax and business law in 1987, he was admitted as certified tax advisor and auditor in 1989; in 1992 achieved his qualification as lecturer in management and business administration by the Italian Ministry of Education.

From 1992 to 2007 he actively worked as a managing partner in major international consulting firms based in Milan, before setting up SSAASS Tax Firm in which he currently works.

Thanks also to his language skills (German, English and Spanish) David has been assisting an array of multinational companies operating in Italy through subsidiaries and branches.

Advice and consultancy concern the optimization of tax structures, the domestic ruling on cross border cases, litigation and settlement procedures with the authorities, due diligence in tax, accounting and labour matters.

Assistance on taxation planning for individuals moving from / to Italy is also part of David's specific professional competence.

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## Company presentation



Founded in 2009, our firm counts on the expertise of 15 highly qualified tax lawyers, accountants and pay roll consultants.

We give up to date assistance in corporate and tax law and provide integrated services

in day by day company's management (bookkeeping, tax compliance, auditing and advising) as well as in more complex activities (targeted acquisitions, investments funding, business appraisal and restructuring, wealth planning).

Firm's customers vary from Italian and international companies, groups and JV to public companies and local municipalities, trusts, no profit organizations, individuals, expatriates / reimpatriates.





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